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Date: August 13, 2026

To, **BSE Limited ("BSE")**, Corporate Relationship Department, 2nd Floor, New Trading Ring, P.J. Towers, Dalal Street, Mumbai – 400 001.	To, **National Stock Exchange of India Limited ("NSE")**, "Exchange Plaza", 5th Floor, Plot No. C/1, G Block, Bandra- Kurla Complex Bandra (East), Mumbai – 400 051.
BSE Scrip Code: 539876	**NSE Symbol: CROMPTON**
ISIN: INE299U01018	**ISIN: INE299U01018**
Our Reference: 73/2026-27	**Our Reference: 73/2026-27**

Dear Sir/Madam,

Sub: Disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) – Transcript of Earnings Call

With reference to our earlier intimations dated July 22, 2026 and August 6, 2026, regarding the Earnings Call on the unaudited Financial Results for the quarter ended June 30, 2026, held on August 6, 2026, please find enclosed herewith the transcript of the same.

You are requested to take the above information on your record.

Thanking you,

For **Crompton Greaves Consumer Electricals Limited**

Kaleeswaran Arunachalam
Digitally signed by Kaleeswaran Arunachalam
DN: cn=Kaleeswaran Arunachalam c=IN o=Personal
Reason: I am the author of this document
Location:
Date: 2026-08-13 14:35+05:30

Kaleeswaran Arunachalam
Chief Financial Officer

Encl: A/a

"Crompton Greaves Consumer Electricals Limited

Q1 FY27 Earnings Conference Call"

August 06, 2026

MANAGEMENT:	**MR. PROMEET GHOSH - MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER** **MR. KALEESWARAN ARUNACHALAM - CHIEF FINANCIAL OFFICER** **MS. SWETHA SAGAR - CHIEF BUSINESS OFFICER, BUTTERFLY GANDHIMATHI APPLIANCES** **MR. SACHIN PHARTIYAL, BUSINESS HEAD - HOME ELECTRICALS** **MR. SHALEEN NAYAK, BUSINESS HEAD - LIGHTING, SOLAR ROOFTOPS AND WIRES** **MR. ANAND KUMAR, HEAD OF PUMPS AND KITCHEN APPLIANCES.** **MR. RUCHIR JAIN, HEAD - INVESTOR RELATIONS, CORPORATE STRATEGY, FP&A** **MR. RISHABH JAIN, DEPUTY GENERAL MANAGER - INVESTOR RELATIONS**
MODERATOR:	**MR. ANIRUDDHA JOSHI – ICICI SECURITIES** **MS. MINALI GINWALA – ICICI SECURITIES**

Aniruddha Joshi: On behalf of ICICI Securities we welcome you all to Q1 FY27 Results Conference Call of Crompton Greaves Consumer Electricals Limited. We have with us today senior management, represented by Mr. Promeet Ghosh, Managing Director and Chief Executive Officer; Mr. Kaleeswaran Arunachalam, Chief Financial Officer; Mr. Sachin Phartiyal, Business Head - Home Electricals; Mr. Shaleen Nayak, Business Head - Lighting, Solar Rooftops and Wires; Ms. Swetha Sagar, Chief Business Officer - Butterfly Gandhimathi Appliances; Mr. Ruchir Jain, Head - Investor Relations, Corporate Strategy, FP&A; Mr. Rishabh Jain, Deputy General Manager, Investor Relations; and Mr. Anand Kumar, Head of Pumps and Kitchen Appliances.

Now, I hand over the call to Mr. Promeet Ghosh, for his initial comments on the quarterly performance, and then we will open the floor for question-and-answer session. Thanks, and over to you, Promeet.

Promeet Ghosh: Good evening, everyone. Welcome to our Q1 FY27 earnings call. Thank you to the team of ICICI Securities for hosting this call. This has been an eventful quarter for us, from additions in our senior leadership, to progress on our brand-related efforts, to innovation-led growth, and recognition of industry first innovation.

Joining me, as was announced earlier today, is Sachin Phartiyal. He joins us back as the Head of Home Electricals after a brief stint outside the organisation. As many of you will remember, in his earlier tenure, he played a key role in building our fans and appliances portfolio. Along with Sachin, we also added Anuj Lall as the Head of our Integrated Supply Chain. Anuj, prior to this served as Executive Director and Vice President, Integrated Supply Chain at Whirlpool, India. Both of them bring valuable experience as well as a fresh perspective, further strengthening our senior management team.

As you also know, many of the faces around the table are familiar, but some of their roles have changed. Rajat now looks after sales. Shaleen, of course, looks after lighting, wires, as well as solar rooftops. Swetha, earlier the Chief Business Officer for Butterfly alone, now looks after both Butterfly; Large Kitchen Appliances, as well as our Rhion brand. Anand has taken over the role of Head of our Kitchen Appliances business. Of course, Kalees is doing exactly the same thing that he's always been doing.

So let me now get on with the quarterly performance. Crompton delivered a double-digit growth across all its business segments, driven by strong execution, successful product launches, and steady seasonal demand. This quarter began, as you know, on an uncertain note because of global events with commodities facing cost and availability pressure. Through this volatility, we held on to our very disciplined approach.

As a leader, making timely pricing interventions and lean working capital management, combined with operating leverage and focused cost initiatives, ensured that profits grew ahead of revenue. However, sustained leadership and consistent performance, as you are well aware, requires a disciplined approach across tough market conditions, and I believe that is exactly what we demonstrated under very volatile conditions and this is the discipline that has enabled us to continue to deliver strong growth with margin protection and high ROCE.

Despite adverse and volatile market conditions, at a consolidated level, revenue grew 11.8% YoY to Rs. 2,235 crores, EBITDA was Rs. 224 crores, it grew 14.2% YoY with margins expanding by 20 bps, reaching 10%. Profit after tax grew 15.2% to Rs. 143 crores, with net profit margin at 6.4%.

Now moving on to segmental performance.

ECD business delivered 10.6% YoY revenue growth. Over the last several quarters, as many of you are aware, BLDC has been a key focus area that is beginning to show results in the market. Our BLDC portfolio grew ~45% this quarter, resulting from the focused portfolio interventions that we have made in the last four quarters. During this quarter, we launched five new BLDC fans, further strengthening our portfolio. We continued to remain market leaders in ceiling fans with market share gains during the quarter.

Pumps delivered strong performance across various sub-categories with market share gains.

Domestic appliances grew double-digits, led by water heaters, which performed very well in both trade as well as the e-com channel.

As you are aware, over the last several quarters, we have been steadily gaining leadership positions in our water heater business in General Trade. Water heaters, I'm glad to announce, now commands a clear leadership in volume terms in General Trade.

As I've said earlier, this was indeed a very choppy, volatile and unpredictable quarter, marked by pricing as well as availability disruptions. But through this period, we made pricing intervention, behaving like the leaders that we are and combined with these interventions and operating leverage, ensured that our EBIT margins grew ahead of revenue at 12.1%, with a 20-bps gain to 13.5% margins.

Most of the supply constraints, which arose out of this volatility were largely addressed by the end of the quarter, which now has led to a strong start in Q2.

Lighting continued the strong momentum that it has gathered over the last several quarters. This is something that I've been calling out for some time. There is a material change in trajectory in our lighting business, and this business continues to demonstrate this. The lighting business continues to demonstrate that it has a strong momentum.

Revenue grew by 15.4% YoY to Rs. 269 crores, driven by growth in both the B2B as well as the B2C segments. Margins in B2C segment continued to expand, but B2B witnessed a contraction in margins because of pre-contracted prices. We reported an EBIT margin of 12% in lighting segment.

Butterfly delivered strong results, with revenue up 14% to Rs. 214 crores, driven by strong momentum across all channels and market share gains in mixer grinders, pressure cookers, and glass tops. Excluding the internal sales that Butterfly has made to Crompton of mixer grinders, which we've talked about in the past, Butterfly delivered an 18% growth. EBIT at Butterfly grew by 19.5% YoY, with margins at 4.2%. Across segments, as I've already said, we have taken pricing interventions. These range from high-single digits to low-double digits. These have covered approximately 80% of the inflationary pressures that we faced.

I would also like to highlight the significant progress that our brand transformation journey has made. As shared previously, we undertook an extensive usage and attitude consumer study, the insights from which have shaped a comprehensive relook at our brand architecture and has helped shape a broader refresh of the Crompton brand across our product lines. I'm happy to share that by the end of this month, you will see the first visible outcomes of this work stream. We believe these efforts will set the tone for Crompton's next phase of brand journey.

Over the next 3 - 4 months, you may expect to see a series of brand launch events showcasing the evolution and the future trajectory of the Crompton brand. Now, many of you may be already aware that there is a brand launch event that is planned on 18th of August, for which invites to the relevant parties has already gone out. There is a further capital market investor event, which is on the 20th of August.

I expect during that capital market event to be able to give investors insight into the dramatic change that Crompton has been undergoing for the last three odd years. You'll be able to get a real peek of what that is in fact delivering in Crompton. So, we'll come to that when we see some of you on the 20th here.

I just want to reiterate that we have kept to our brief, disciplined pricing approach, premiumisation, while leveraging our operating scale and strong execution across categories.

Moving ahead, as I said earlier, Q2 has started very well, and we are continuing to witness, now that many of the volatility conditions have settled down, if not subsided. We are now beginning to see the benefits of the actions that we have taken. I think it's fair to say that the pricing actions that we took, the wide market has well accepted. They have now flown into the market quite well. So, we are quite optimistic about the way things are evolving currently.

With that, I will pause and we'll take questions. Depending on what the question is, I may answer that, Kalees may answer that, or any of the gentlemen here or ladies here can answer it.

Aniruddha Joshi: We can start the question queue. Those participants who have any questions, please raise your hand. First question is from Mr. Aditya Bhartia. Please unmute your line and go ahead with the question.

Aditya Bhartia: Hi, good evening, Promeet, Kalees and team. My first question is on volume growth. Given that you spoke about high-single digit to low double-digit kind of price increase. Is it fair to assume that volume growth in ECD category would have been quite modest, if any? If that is the case, then what could have contributed to it, given that we had a favourable base?

Promeet Ghosh: Like I said earlier, Aditya, that this quarter we were impacted. Now, we run a very lean ship, as you know. Now, sometimes if the prices go up and there are supply disruptions, that can have an adverse effect. But of course, over a period of time, what we found, that if you run a lean shop over a period of time, your ROCEs are much better, and your cash flows are much better. So, we've kept to that principle. I would say that, because of supply disruptions, we did lose some sales, order of magnitude ~ Rs. 200 crores, maybe a little bit more.

But fact of the matter is that, when you have supply disruptions, you have to ensure that given the current availability of supply, you have to maximise your revenue. So, we've kind of taken that tact and the outcome is what it is that you can see.

Aditya Bhartia: Understood. And these supply disruptions would have been largely on the fans portfolio or something else?

Promeet Ghosh: Actually, we had some supply disruptions in other areas as well, because if it is only pricing disruptions, then that was a different story. In this case, there was a clear lack of visibility on supply of commodities and of various input materials as well. So, we did have supply disruptions earlier. For instance, I spoke about lighting. In lighting, when you're doing a B2B business, obviously there's a forward-looking contract that you've gotten into, and that sometimes can, if the pricing disruptions are very large, not all of it can be recouped by pricing intervention.

So, yeah, I'd say there was a disruption in more than one area. Not only in fans. But the good news is that we worked very hard. So, while keeping to our principles, we worked very hard over the quarter. And certainly, towards the end of the quarter, many of these issues pretty much settled down, and that has enabled us to start the next quarter very well.

Aditya Bhartia: Sure, Promeet. Promeet, you mentioned about roughly 80% of cost increases having now been passed on. But despite that, we have actually seen a bit of margin expansion. Does that mean that we had some low-cost inventory, which kind of cushioned the impact in this particular quarter, and in Q2, costs are sequentially going to go up, and we may require some more price hikes to kind of maintain these margins?

Promeet Ghosh: As I said earlier, we maintain a lean ship across the year. So, the impact of low-cost inventory has been unlike, and I've seen some of the others probably have had a lot more of that, which is one-off, right. So, I wouldn't say the contribution of low-cost inventory for us was very material. As you are aware, we have a very active cost management programme as well. We do that also, since you can't only work on the product pricing. Perhaps because some of our peers were working from a low-cost inventory that they may have built up. We didn't see the same kind of pricing actions from others. But, yeah, we did pass on. I don't know if that answers all your question, but that should give you a sense of where we were.

Aditya Bhartia: Sure. That's helpful, Promeet. Thank you so much.

Promeet Ghosh: Thank you.

Aniruddha Joshi: Next, we have question from Mr. Dhruv Jain. Please unmute your line and go ahead with the question. Also, requesting participants to restrict the questions to two per participant.

Dhruv Jain: Hi, team. Thanks for the opportunity. First question is on the expenses side. So, I mean, we've seen some bit of cut in A&P, and we've also seen subsequent rise in other expenses to the tune of about 15%. So just wanted to understand, at least on the A&P part, what's the sustainable number going forward, and if this is transitory? That's my first question.

Promeet Ghosh: Yeah. So, Dhruv, as I said earlier, this is a very active year for brand Crompton. So, it's not really something that we've cut back at one quarter. And that's not something that we, as we've said before, A&P investment is something that we want to consistently make. You will see a lot of activity on brand Crompton going forward, which we believe will go a long way in refreshing the way that we are positioned, the TG (Target Group) that we are able to cater to, etc. So, on a generic basis, I'd say the kind of percentage to sales over the year should be similar to the one that we'd had last year.

Dhruv Jain: Sure. My second question is on the solar rooftop portfolio. So, if I'm not wrong, I think last quarter you had close to Rs. 500 crores of order book. I just want to get a sense that what's the number here? How has been the execution in this vertical so far? And, I mean, how should we really think about this number going forward in the next, say, one or two years? Thanks.

Promeet Ghosh: Yeah. the Solar rooftop business, in particular, has been in a ramp-up mode last quarter. So basically, getting all our ducks in place in so far as the execution is concerned, is what I'd say. Frankly, as you are aware, out of that Rs. 500 crores, Rs. 450 crores is an order book that we expect to execute over the 6 to 8 months. So, I'd say that this has been a year in which we really ramped up our execution capability. This is like going from zero to 500 in a very short period of time. So, the order book pretty much remains in place.

The good news is that in solar rooftops, we also have started garnering orders on the B2C side. the entire idea of the B2G business was that it gives us the scale both in solar rooftops and solar pumps, helps us sharply ramp up execution, and that we will also use to step up our B2C presence. This was the quarter where the revenues from B2C have also started rolling in. That, of course, is a business where it's a consumer business and very high ROCE business and negative working capital business.

Yeah. I'd say those are the two things that happened. This quarter and the next quarter is where I would expect a huge bulk of that order book to get executed.

Kaleeswaran Arunachalam: Yes. Completely agree.

Dhruv Jain: Got it. Thank you so much.

Aniruddha Joshi: Next, we have a question from Mr. Achal Lohade. Please unmute your line and go ahead with the question.

Achal Lohade: Yeah. Good evening, team. Thank you for the opportunity. The first question I have, if you look at, we had a low base of last year, given the summer season we had and given the recovery we kind of saw in the month of June. How do you see this? How do you tally this? Is really the consumption that weak or it's only specific to the category? And are you seeing any green shoots now?

Promeet Ghosh: Actually, I think, like I said, the consumption is pretty decent. What happens in our business is that initially, when you take price increases, there's a sticker shock. So, first guy comes into the store, he looks at the product, and he says, guys, I just came two weeks ago, and the price is now 10% higher or 15% higher, He says, guys, I don't want to buy it just now. Maybe it'll come down.

So having said that, the nature of our business is that most of these are only partially discretionary, so you really don't have an option. So, I think the pricing has a delaying impact, but not a demand suppression impact. Certainly, what we are seeing is that demand remains robust. And yes, we started the quarter a little bit impacted by the supply disruptions that we were facing. But as our supply disruptions have subsided, and market has become much more predictable, we are seeing robust growth is what I'd say.

Kaleeswaran Arunachalam: Yeah. In fact, just to add to it, if you look at it category-after-category, actually the segments, Butterfly business reporting 18% growth, excluding Crompton. Lighting, probably one of our best ever quarter with about 15% growth. ECD, on the back of Rs. 200 crores of supply shortage that we talked about, has still delivered 12% YoY growth, where acceleration of revenue on solar rooftop is yet to kick in. So overall, we see that on the back of a pricing action that we have taken across categories, coupled with the supply challenges, business is moving in the right direction and consumption is also positive.

Promeet Ghosh: Guys, when you have supply disruption, you want to be proactive in pricing. Even in Crompton SDA business, you're aware that we have an SDA business, which over the last six quarters has been one of the fastest growing businesses. We took material pricing action there, and as a consequence, the margins of that business, despite cost increases, actually done extremely well. It has gone up multi-fold. Now, I'm not at liberty to disclose the number to you, but the profit margins in that business has gone up multi-fold. So, you kind of got to look at that holistic picture. To short point, it's not a demand issue.

Achal Lohade: Got it. Secondly, if you could talk about the Capex, how do you see it for the current year and next year, particularly given the foray into new categories? Would there be any capital allocated for that as well? Thank you.

Promeet Ghosh: Guys, as I have said before, we have a pretty disciplined approach to capital allocation. We have, so far, always had a good mix of in-house manufacturing as well as outsourced manufacturing. Within in-house manufacturing, we have consistently increased our capacity with very low investments. If you remember, two years ago, we announced that we had expanded the manufacturing capacity at our Baddi plant with an investment. The capacity had gone up by 50%, and we had made an investment of all of Rs. 50 lakhs.

We have similarly expanded and optimised capacity at other locations. And when we've gotten into wires, this is a question that I keep getting asked. Before we got into wires, we worked quite hard on figuring out what the supply chain for wires would be. Today, as of now, we are not putting up a plan for manufacturing wires, so it's not really a capital allocation issue.

Having said this, we do have a plan to take our manufacturing capability to another level. As you are aware that we have announced in the past that we are planning over the next two-three years to implement a greenfield manufacturing location with the next generation manufacturing capability. And as I have told you in the past, that manufacturing plant will also include a large warehousing unit, and will spend about Rs. 350 crores. Otherwise, whatever our regular Capex trends should hold.

Achal Lohade: Got it. I'll fall back in the queue. Thank you so much.

Aniruddha Joshi: Next, we have question from Mr. Parag Khare. Please unmute your line and go ahead with the question.

Parag Khare: Yes. Good evening. Thank you for the opportunity. If we look at the copper prices, which is a major input side for us, it's been continuously going up. I mean, it's even after correction, it has gone up, and then it's at an all-time high. Do you think we may need pricing actions in the future as well to support our margins?

Promeet Ghosh: Like I said earlier, we have been quite disciplined in passing on pricing increases, Having said that we have not seen most of our competitors, or a large bulk of our competitors, frankly, follow through in the same manner. Perhaps they were benefiting from a significant low-cost inventory, but that will wear-off, the approach that we have is both working inside as well as working outside. So, every price increase that we have in commodity, we work on both sides.

As of now, do we see a significant spate of pricing increases being necessary? The answer is no. Partly because we've been first to the market, and the price increases that we did take, have now largely settled into the market. At least to date, I am not seeing a sharp set of price increases that are still necessary for us because of the combination of the two, or actually three - price increases, cost measures, as well as our operating leverage. I think all of those should help.

Parag Khare: Sure. The second question is you talked about Rs. 200 crores of shortfall because of the supply disruptions. Could you elaborate which category where we faced these challenges? Is it fan, air coolers?

Kaleeswaran Arunachalam: I think we answered this earlier. It's largely fans, and largely in the ECD category is where we had the shortage, Parag.

Promeet Ghosh: Actually, outside the ECD also. Frankly, lighting was our fastest growing segment. But it would've grown even faster, I assume.

Parag Khare: Supply side, is it because of the commodity inflation, or there are some other reasons also to it?

Kaleeswaran Arunachalam: Fundamentally, as you would know, Crompton, as an organisation, has always been working on a sharp net working capital management and we have been an organisation that works on negative working capital. So, as we entered Q4, we never carry a base inventory into it. And as the war opened up, our initial challenge assumptions were around availability shouldn't be a concern, it's only pricing.

But as we discovered, the commodities also took time. And we did not have the base inventory to cover it. And that took us time. By around June end, it got stabilised. And July, we are back to normal. Inspite of those challenges is what we have delivered, is what we were trying to explain across categories, the challenges we had on availability.

Parag Khare: Sure. Thank you for the opportunity. And good luck for Q2.

Kaleeswaran Arunachalam: Thank you.

Aniruddha Joshi: Next we have question from Siddhartha Bera. Please unmute your line and go ahead with the question.

Siddhartha Bera: First, a quick follow-up on the previous question of sales which we lost. How will be the channel inventory in that scenario, and would we have scope to cover up this shortfall in the coming quarters? So that will be the first question. And second is, if you can share the segment-wise growth, like fans, pumps and small appliances, how the growth has been in the quarter?

Kaleeswaran Arunachalam: Siddhartha, as you're aware, we don't provide the segment-wise results, or rather the sub-segment results. Segment-wide results have been provided between ECD, Lighting, and Butterfly. Insofar as the channel inventory is concerned, that goes with the demand pattern. We never had too much of a channel stock earlier also. We don't think that's a concern right now though.

Siddhartha Bera: Got it.

Promeet Ghosh: It's not a particular area of concern for this quarter.

Kaleeswaran Arunachalam: Yeah.

Promeet Ghosh: Particularly because we started addressing this towards the last part of the last quarter. Here, this is kind of we are looking in rear view mirror

Kaleeswaran Arunachalam: Yeah. We are looking at some of these in the rearview mirror.

Siddhartha Bera: Got it. Thanks a lot.

Aniruddha Joshi: Next we have question from Mr. Umang Mehta. Please unmute your line and go ahead with the question.

Umang Mehta: Thanks for the opportunity. First question again on fans. Given the disruption is now behind and given that the category's seen double-digit kind of price hikes, and the base of last year is okay, would 15% be a fair expectation for rest of the year in terms of how fans should grow?

Kaleeswaran Arunachalam: Yes, Umang, as you would know, we don't provide forward guidance in terms of how we go about it. But yes, from a portfolio perspective, we have already seen the kind of growth that we have seen in BLDC, which we talked about in the range of about ~45%. A lot of work that had to be done within the BLDC category on product and placement has just started.

So, the journey of BLDC for us, I would say in many senses, is probably beginning, and there is a long, long leg room available for us to grow from that perspective. Similarly, premium fans, which is on the induction side, is also moving positively as we get into Q2, Q3 onwards. That should provide impetus for the growth.

As we have always been talking about, regulatory challenge or the changes that is happening through BEE. We see Crompton is positively poised to consolidate the industry at the entry segment and gain market share, considering that it may not be competitively possible for people to absorb the incremental cost and pass back. So overall, fans as a category, we do believe we are well-poised. Already some of the symptoms are visible for us in strong BLDC growth and strong double-digit growth in some of our other sub-segments within fans, and the momentum should continue in both mid and long run.

Umang Mehta: Sure, Kalees. Thanks. Second question was on solar rooftop. It seems that this quarter didn't see much execution. Was it something to do with government, or any challenges in the quarter?

Kaleeswaran Arunachalam: Yeah. The revenue recognition for solar rooftop, we follow a methodology on installation basis. So, dispatches from our end are ongoing. It's been moving in the right trend, but revenue is recognised when the installation gets completed, which we're expecting to happen in Q2.

Umang Mehta: Fair enough. Thank you so much, and all the best.

Promeet Ghosh: The government's been paying us on time. In fact, they've been paying us and pushing us to continue to accelerate.

Aniruddha Joshi: Next we have question from Mr. Vishal Goel. Please unmute your line and go ahead with the question.

Vishal Goel: Good evening, team. So, my question is on the Wire segment. Can you share the current status as to how many cities we have reached and any initial numbers, if you can share at all?

Promeet Ghosh: Again, we'll hold off on talking about initial numbers. But as you are aware, we launched wires in Tamil Nadu and Karnataka.

Kaleeswaran Arunachalam: Karnataka.

Promeet Ghosh: Karnataka. I don't know if there's a count of cities.

Shaleen: Yeah. We've been about 14 different towns and cities.

Promeet Ghosh: 14. I'm reminded by Shaleen that we have presence in 14 cities. Guys, I think this is a business which has lots of potential. We're just getting started and as and when, I think, we build out the business in these cities, we'll also expand into other areas. Yeah, by Crompton size, it is still very small, so I'm not actually going to talk about it because, obviously Rs. 9,000 crores, it's still a small business. The idea is that this is a very large business opportunity where we have the right to win, and we are finding that we are able to leverage that right to win. Of course, early days yet.

Vishal Goel: Sure. Thanks. Just a follow-up question on Butterfly side. So how is the competition on this segment? There are a lot more white label and other brands which have come up, plus Chinese, plus now Ninja has come in. So how are you looking at the competition in this space?

Promeet Ghosh: Swetha, you want to answer that?

Swetha Sagar: I think kitchen appliances for quite some time has been extremely competitive space. At least for the last five - six years, it's been a very competitive space where we have been having white labels, and international brands have started playing in this market for quite some time. I think how we were looking at it, it's quite visible in the levers that we started activating from last year, starting from the brand refresh to our brand architecture rework.

And in line with it, keeping the consumer as the centre, I think that's when we had launched our Idea First Series coming into place, and which has actually started working well for us and contributing significantly to the growth delta for Butterfly. But from a space point of view, it is always good to have multiple brands playing in a space because it opens up lot of opportunity for us as a very serious player in kitchen appliances. We are looking at it very positively.

Promeet Ghosh: I should tell you that Butterfly is an interesting case in point about how Crompton has been evolving, the Crompton Group has been evolving. Even as I say, if you exclude the OEM work that Butterfly was doing for Crompton, the growth in Butterfly was about 18%. But even that 18% comes on very strong growth, with 20%+ growth in retail, in large format retail, in e-commerce. All the quality of distribution in Butterfly, and I'm telling you this because now you know the numbers in Butterfly.

We can't necessarily talk about the same numbers in Crompton because we don't fully disclose them. But each one of these, the key focus channels for Butterfly, the growth has been very robust. And it's an indication of how we've been evolving as a business.

Vishal Goel: Understood. Thanks. I'll fall back in the queue.

Aniruddha Joshi: Next we have question from Mr. Sameer Gupta. Please unmute your line and go ahead with the question.

Sameer Gupta: Good evening, everyone, and thanks for taking my question. Firstly, on the I know this has been discussed by many participants, but still a few lingering questions here. So Rs. 200 crores lost sales, just trying to understand. At least the channel would still be carrying inventory, and while running a tight ship is great. So firstly, I mean the channel inventory should have sufficed for the supply chain disruptions, and while running a tight ship is great, does this episode change our approach towards inventory management, particularly going into the largest season of the year?

Kaleeswaran Arunachalam: Sameer, first and foremost, channel inventory is an outcome of a tertiary sale. What we are discussing here is about a primary sales loss for the company. So, a tertiary sale, whatever channel carries would have been adequate, and that is what we see in category after category on our tertiary growth. So, I don't think these are apple-to-apple numbers that are comparable.

Second, in terms of how do we look at the inventory management strategy, these are typically one-off black swan events, for which we cannot change the business model of the company.

I think for many years, our business model on being asset light has been very, very productive, and that has been giving results quarter after quarter, and we don't want to revisit that just because of a one-off. Obviously, wherever required, if we have to take a higher portion and make some course corrections, we will be open to reviewing that as we move forward.

Sameer Gupta: Got it. Basically, the end consumer level sales would not have been lost is what you're saying.

Promeet Ghosh: Obviously. This is primary sales, Sameer. We are talking about primary sales. Yeah, guys, insofar as our approach to running a business, let me assure you running a tight ship like we do at Crompton is not easy to do. It's something that we worked on for many years. That is also the reason why we have the kind of ROCE that we do.

Especially if you take out the Butterfly investment, you can see the kind of ROCE that we generate and the cash flow that we generate. Yeah, there'll be some quarters where having a huge inventory will help you get into the quarter because you will have low-cost inventory. There'll be another quarter when the prices go down and you'll have another impact. There is a lot of value we found over the years to have a lean inventory.

Sameer Gupta: I understand. My apologies, because I interpreted it as the end consumer sales lost. That's why the question.

Promeet Ghosh: No, no. Happy to explain.

Sameer Gupta: Second is on Butterfly. 18% growth looks great, but this quarter did had some tailwinds in terms of higher demand for induction cooktops. And if I look at your competitor, TTK, they have done a 34% growth this quarter. One, was this segment also impacted by supply disruptions? You did mention market share gains, but the market leader has reported a faster growth or is it again primary, secondary or a geography disparity that we are looking at?

Promeet Ghosh: You want to answer, Swetha?

Swetha Sagar: Sure. Our core category business, which almost, contributes to about 85% of Butterfly's turnover. has grown significantly in line with what the competition has grown. So that's the first thing. Second thing is with respect to induction cooktop; our growth is not backed by induction cooktop at this point in time. Because like we have seen in the past quarters also, our auxiliary categories were something that strategically, we decided to accelerate them only from quarter two onwards of business. So, our growth is steady state coming in from key categories in which we are serious about, and our market shares also have been sustainably doing better for last few quarters for us.

If we break it down into a few categories where we would want to benchmark it against, maybe our pressure cookers and glass top gas stoves have done much better than what we see from our peers at this point in time. Specifically, since you mentioned about Prestige, I think they are market leaders in induction cooktop, and I think they have made the maximum out of it. And we don't play significantly in that particular category at this point.

Kaleeswaran Arunachalam: Maybe if I can add on, Swetha. Fundamentally, if you look at it, there's also another impact on Butterfly business. Core channels of Butterfly business have grown ahead of 20%. If you look at it, this was a quarter that was impacted by gas cylinder issues and oil marketing companies did not take off on gas stoves. So, if you include that impact, Butterfly has already grown at 20% high.

Promeet Ghosh: Let's not get into what it would have grown at.

Kaleeswaran Arunachalam: Yeah.

Promeet Ghosh: The point being that this is not something new, I assume. You guys are aware. Our approach to Butterfly has been back to basics. Let's grow what our core product portfolio is. Let's grow what our core channel is. Let's de-emphasise other things which can add revenue episodically but are not consistent. So that's kind of the approach. In Butterfly's case, the induction cooktops are a relatively small portion, and therefore, doesn't benefit as much. But having said that, the core businesses have done very well.

Swetha Sagar: Yeah.

Sameer Gupta: Got it. That's all from me. Thanks for answering so patiently. I'll come back in the queue for follow-ups. Thanks a lot.

Aniruddha Joshi: Next we have question from Mr. Keyur Pandya. Please unmute your line and go ahead with the question.

Keyur Pandya: Hello. Thanks for the opportunity. Two questions. One on the renewable side or the solar portfolio. If you can just refresh what you have earlier guided in terms of where does it stand, in terms of both profitability and working capital. Profitability versus either absolute number or versus, say, the segment in which it is housed. Whichever you want to highlight, and ancillary question is, as you mentioned, it is more of a timing issue in the reporting. Now does rain, monsoon seasonality impact in any way or it is ad hoc business, which would always be lumpy?

Promeet Ghosh: In the renewable business, we are in two segments. We are in solar pumps, and we are in solar rooftops. So, let's just take them slightly differently. The solar rooftop business, of which we started about eight - nine months ago, that's a business where we have gotten order book of about Rs. 500 crores, as you guys are aware. A bulk of this is the order book from Andhra Pradesh. The nature of this contract is we have to implement about 38,000 rooftops in various SC/ST homes in Andhra Pradesh over the next six to eight months at the outset. The payment characteristics of this are that when we demonstrate to the government that we have the product; the government upfront pays us 40%.? Then we go out and install the product. Then at that point in time, MNRE pays us. The central government pays us.

So, this is the characteristic of our rooftop business. As I told you, we are getting started, the way that it goes is that you've got to go out and install and then beyond a point, the revenue recognition happens. So, I'd say the revenue so far has been relatively modest. But the execution has started in the right earnest, and in fact, many installations have also happened, which of course should reflect itself in the following quarters. Now insofar as the government payment approach is concerned, we are already receiving money from the government.

As we are demonstrating to the government that we have the product available to install, the government is paying us on time. And I said earlier, in fact, the government is pushing us to accelerate the installation. Right, guys?

Shaleen Nayak: Absolutely.

Promeet Ghosh: So that's the way that this business works. Insofar as solar pumps are concerned; this is also a B2B business where the government conducts auctions. And you participate in that auction. They give you a bunch of solar pumps to install. Those, as you install, you demonstrate that you installed and you start getting payments from the government.

Keyur Pandya: Okay.

Promeet Ghosh: Auction, I said. Tender, not auction. Tender, right? Yeah. So that's the way that business works. This is not with only one state. These are with various states. Rajat reminds me, we started initially with Haryana, then we've done a bunch of work with Maharashtra, and also now with Rajasthan in recent times.

Rajat Chopra: MP also.

Promeet Ghosh: MP. We've done a bunch of work with MP. The process is that you have to install, then you have to demonstrate that you installed, and then the government pays you. Our approach to both these businesses is that we do not install so far. We have an installation partner.

As and when we get money from the government, a share of that money goes to the installation partner because of which the gross margin in this business is pretty much the EBIT margin in this business. Gross margin onwards, the costs that are incurred are incurred by the partner and the gross receivables from the government, whenever the government pays us, we pay a share of that to our installation partner.

Therefore, the gross receivables from the government, by the way, is not identical to net receivables. Maybe this is a little complicated, but trust me, it's a good business for us to be in. Insofar as the solar pumps business is concerned, we did find that there was some delays in the payment of the government a couple of quarters ago.

I have to say that over the last couple of quarters, that pace has certainly stepped up and continues to step up, even in July. So, it's become clearer what are the things that you have to demonstrate to the government. The government's been clear that, guys, as you pay, these guys will go and install more, and so on and so forth. So, I'd say that these businesses, unlike our other businesses, don't necessarily run on a negative working capital because they are different businesses. But the ROCE in these businesses is good. Obviously, we don't want to get into any business in which our ROCE is not good. The ROCE is good as we've seen so far.

One last question. Sorry, one last point you made. Does the monsoon impact? The monsoon impacts insofar as execution is concerned. So far as solar pumps is concerned, if it's raining very heavily in an area, obviously you can't go and install a solar pump because the place would be wet. So that does tend to impact, but otherwise, not really so much. Maybe even a solar rooftop, if it's raining very heavily, obviously you can't go and put up a unit at the top of the house because the cement won't dry. But other than that, from a demand point of view, it doesn't really matter.

Keyur Pandya: Understood. Just once on the profitability versus the respective margin, segment margin and second question is that you mentioned that you have taken necessary price hikes, specifically in ECD where hikes required were much higher. So, from Q1 levels, any incremental hikes? So basically, cumulative impact of incremental hikes, any drop in RM prices. Net-net, what should we expect in terms of profitability?

Kaleeswaran Arunachalam: Keyur, fundamentally, when it comes to price increases, we would be disciplined. We have always said unit economics is important, and if the commodity costs increase and net of Unnati savings, if there is a pass on that needs to be done, we'll be disciplined to make that add-on. So that's not going to be left to subsidise. Coupled with that, when the revenue goes up, operating leverage also kicks in and that should help us to move the margins in the right direction, as you have been seeing. So, this quarter also, you've already seen 30 bps expansion in EBITDA margin. As we move forward, we would be disciplined on that in the coming quarters also.

Promeet Ghosh: I don't know if you meant in the solar business. In the solar business, actually, that is, as you are aware, it doesn't work to the same impact. A large cost of this is panels. The pricing trajectory of panels has actually been coming down.

Also bolstered by the fact that now we have two businesses, both of which have large volume. So, our ability to negotiate with these solar panel suppliers is better. So, the same thing that we talked about price, cost increases don't necessarily apply to our renewable business.

Keyur Pandya: Okay. Thank you, and all the best.

Minali Ginwala: Ashish, you can go ahead with the next question.

Ashish Kanodia: My question was on the Rs. 200 crore discussion. So, as you pointed out, that this was largely because of just the impact on primary sales and tertiary sales has not been impacted, which would then imply that maybe the channel inventory would have depleted. In that case, is it fair to assume that a large part of it will kind of come back in 2Q, 3Q, or this is not going to come back?

Promeet Ghosh: See, no, not necessarily. There is a mix of these two. The channel inventory, as it depletes, if you made some primary sales, if you are not able to make adequate primary sales, the channel will replenish from other sources. Let's understand that. So, for a bit, there will be a momentary replenishment of inventory. But the market share impact, I don't think is abiding because when Crompton comes back into the market, Crompton being Crompton, obviously it's a strong player. So as our ability to sell improves, we are obviously able to claw back that position.

Ashish Kanodia: So just to be clear, market share, of course, it remains or grows, but this is like a loss sale. This most likely does not come back. Is that fair?

Kaleeswaran Arunachalam: Yeah, Ashish, we are in a seasonal business. Q1 is a season for fans. You would have seen that some of these are seasonal impact that will not be something that you'll recover on a quarter-on-quarter basis. But as we go into Q2, there are momentum that we are seeing in certain categories, like BLDC, that we said, which will continue to grow as we accelerate supplies. So, I don't think you need to connect both as whether it is a demand that is delayed or supply that is delayed. It's an ongoing business call.

Ashish Kanodia: Got it. Just last bit on the margins part on the renewable business. What are the margins, broadly just compared to the category? Because I understand it's a high ROCE business, but purely from a margins point of view, because at least solar rooftop will start showing in a big way over the next two quarters. So, is it materially different than the category margin?

Kaleeswaran Arunachalam: It is similar to the company EBITDA margin. Otherwise, we don't disclose the sub-segment-wise results, Ashish.

Ashish Kanodia: Sure.

Promeet Ghosh: The gross margin is lower, but obviously…

Kaleeswaran Arunachalam: EBITDA line.

Promeet Ghosh: On the EBITDA line, it is similar.

Ashish Kanodia: Sure. That's helpful. Thank you so much.

Minali Ginwala: Sir, before we end the call, we would like to request you for some closing comments.

Promeet Ghosh: Thank you, everyone, for joining. As you know, you are already aware, it's been a very interesting quarter for us. This is going to be an even more interesting quarter, I think, because of what you will see happening on brand, etc. Further, if you have any queries, please feel free to reach out to Kalees, Ruchir, or Rishabh. They're always available. Thank you and have a good evening.

Kaleeswaran Arunachalam: Thank you.

Promeet Ghosh: I said that we have an investor meeting where we are planning, as I said earlier to give investors a peek into how Crompton's changed over the last three years. Also give them a deeper sense of what we're doing in each category, as well as here from the management team of Crompton. From the horse's mouth so to say. So hopefully you guys will enjoy that, and at least some of you will be there.

The invitation for that, I guess have already gone out. This is not something that we've done ever before, as I understand. Yeah, we've been planning this for a while. As some of you will be aware, this was planned about eight, nine months ago. Didn't happen at that time. It didn't happen at that time, been a long time coming.

Kaleeswaran Arunachalam: Thank you. Thank you everyone.

Promeet Ghosh: Thank you.

Disclaimer - The following transcript has been edited for language, errors and grammar and therefore, it may not be a verbatim representation of the call.